EX PARTE OR LATE FILED

STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION
8 Old Suncook Road
Concord, N.H. 03301-7319

September 7, 2001

Ms. Magali R. Salas
Secretary
Federal Communications Commission
445 12th Street, SW Portals II Building
Washington, D.C. 20544

Re: Ex Parte Comments-To be filed in the proceeding captioned "In the Matter of 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers", CC Docket No. 00-199.

Dear Ms. Salas:

In accordance with Section 1.1206(b)(1) of the FCC's rules, the New Hampshire Public Utilities Commission submits for filing this notice of an ex parte contact for inclusion in the public record of this proceeding.

On September 6, 2001, the undersigned New Hampshire Public Utilities Commissioners caused the attached letter to be sent by fax and mail to Chairman Powell and Commissioners Tristani, Abernathy, Martin and Copps.

Please do not hesitate to contact us if you require anything further in this regard.

Respectfully submitted,

Douglas L. Patch	Susan S. Geiger	Nancy Brockway (pns)
Chairman	Commissioner	Commissioner

cc: FCC Copy Contractor

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September 6, 2001

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Powell:

We are writing to urge that you proceed cautiously with reducing further regulatory oversight over the Regional Bell Operating Companies, and continue to ensure that necessary information is available to regulators. We appreciate that the states were included in your discussions over the last two years on the crucial issues surrounding the reform of the FCC's Class A accounting system. In general, we support the proposed reductions of nearly 40% in the number of accounts. However, further reductions in required reports, including further consolidation of accounts for reporting purposes, will deprive the Commission and state commissions of information essential for fair and accurate oversight of costs and service quality.

Suggestions for further reduction in reporting detail and extent appear to be based on the suggestion that the incumbent LECs are no longer dominant, and that competition can perform the constraining functions now performed by regulation. We feel it is important to note that AT&T lost more than 40% of its market share before it was found to be non-dominant and de-regulated. In addition, a significant part of this determination was based on the fact that other long distance carriers had significant amount of facilities in the ground and would not be forced to use AT&T facilities. This is not the case in the local telephone markets today and will not be the case in most ILECs territories for the foreseeable future. Competing companies will continue to rely on ILEC networks to provide services to end-users.

We support the proposed list of accounts contained in the FCC's June 8, 2001 Public Notice. In particular, the addition of the following accounts recognize the evolution that is occurring in telecommunications today and will provide regulators with necessary information.

- Sub-accounts for circuit and packet switches under Digital Electronic Switching investment (2212) and expense (6212) accounts.

- New Optical Switch investment (2213) and expense (6213) accounts with sub-accounts for circuit and packet switches.

- Sub-accounts for electronic and optical equipment under Circuit Equipment investment (2232) and expense (6232) accounts.

- Sub-account for Network Software under Intangibles asset (2690) account.

- New Interconnection revenue (5086) and expense (6551) accounts with sub-accounts for UNE, resale, reciprocal compensation and other.

- New USF Support revenue (5090) account.

It is important to recognize that different technologies provide different functions and usually have significantly different cost characteristics. New technologies typically cost less and provide more options to consumers at lower prices. It is important to be able to readily identify these different technologies and costs. The inclusion of these accounts is an important tool for regulators.

As we continue to evolve towards a competitive marketplace it is crucial for regulators to be able to adequately identify investment, expenses, and revenues particularly as they relate to wholesale and retail operations as well as universal service. Without this necessary information, regulators will be severely hindered if not prevented from creating a fair and competitive marketplace. This is contrary to the intention of the Telecommunications Act of 1996. We are encouraged by the recognition of these facts in the FCC's June 8th, 2001 Public Notice. However, significant concerns remain in certain plant, expense, and revenue accounts.

The Submarine and Deep Sea cable accounts 2424 and 2425, respectively, should not be aggregated with the Buried Cable account 2423. Submarine and Deep Sea cable have significantly higher placement and maintenance costs. Moreover, Submarine and Deep Sea cable costs are primarily international in nature and have little or no bearing on state costs. As a result, this aggregation will distort and inflate cable costs and will either result in overstated interconnection and universal service costs or force states into difficult and time consuming proceedings to identify and remove these investments.

The Customer Deposits account 4040 should not be aggregated into a combined Current Liabilities account that is proposed to contain current accounts 4000-4060. Many states require that customer deposits be removed costs during rate-making proceeding. Absent a separate account, removal and verification will be much more difficult.

The Basic Area and Local Private Line revenue accounts 5001 and 5040, respectively, should not be aggregated into a combined Basic Local Service Revenue account that is proposed to contain current accounts 5000-5069. Basic Area and Local Private Line are unique in that they are services that receive or may receive universal service support at both a federal and state level. In determining universal service support, it is critical to be able to identify and verify the revenues generated by these services.

The Directory revenue account 5230 should not be aggregated into a combined Miscellaneous revenue account that is proposed to contain current accounts 5230-5270. Directory services are a separate and distinct line of business. Aggregating directory service revenues with other revenues will hinder or prevent state attempts to monitor this highly profitable line of service.

Sub-accounts for wholesale and retail expenses should not be added under a combined Customer Service Expense account that is proposed to contain current accounts 6620-6623. As discussed above, it is crucial for regulators to be able to identify wholesale and retail expenses separately. This aggregation will distort cost study results and hinder the development of universal service support and interconnection prices. Again, state may be forced to undertake difficult and time-consumer proceedings to identify and separate these costs. These additional accounts, when combined with the proposed reduced Class A accounting structure, are necessary for the FCC and state regulators to appropriately determine universal service funding levels, customers rates in rate of return states, and UNE and interconnection prices.

We urge the FCC to adopt the proposals above for additional account detail in the Customer Service Expense category, and to refrain from adopting suggested consolidations of accounts that go beyond those already developed through the collaborative process with state input.

Sincerely,

Douglas L. Patch	Susan S. Geiger	Nancy Brockway (KWS)
Chairman	Commissioner	Commissioner